

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00 EB-11

FMC-04 INR-11 NSAE-00 RSC-01 CG-00 COA-02 DLOS-07

SWF-02 L-03 CAB-09 FAA-00 SS-20 NSC-07 SP-03 TRSE-00

DRC-01 /102 W

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R 111500Z SEP 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 4290

C O N F I D E N T I A L GUATEMALA 4938

E.O. 11652: GDS

TAGS: ETRD, GT

SUBJECT: SHIPPING: DELTA/FLOMERCA PROBLEM; PRESIDENT LAUGERUD'S
INITIAL REACTIONS

REF: GUATEMALA 4829; GUATEMALA 4613; STATE 185494

1. DURING CALL SEPT. 9 ON PRESIDENT LAUGERUD, IN RESPONSE TO
OPENING OFFERED BY PRESIDENT TO DISCUSS OUTSTANDING COMMERCIAL
PROBLEMS, AMBASSADOR RAISED DELTA/FLOMERCA PROBLEM EXPLAINING
THAT HE HAD MENTIONED HIS CONCERN TO FORNMIN MOLINA SEPT. 4.
PRESIDENT SAID THAT FORNMIN HAD REPORTED THIS ASPECT OF CON-
VERSATION WITH HIM AND THAT HE HIMSELF PLANNED TO DISCUSS
MATTER WITH FLOMERCA OFFICIALS AND WOULD SUGGEST THEY TALK
FURTHER WITH DELTA TO EXPLORE POSSIBILITY OF MUTUALLY BENE-
FICIAL SOLUTION.

2. SINCE THIS INITIAL RESPONSE BY PRESIDENT SUGGESTED HE WAS
NOT FULLY AWARE OF COMPLEXITIES OF ISSUE, AMBASSADOR PROCEEDED TO
EXPLAIN DETAILS OF PROBLEM AND OF HIS CONCERN. WHILE STRESSING
HIS RECOGNITION OF THE DIFFICULTIES THAT FLOMERCA WOULD MEET IN
ACCEPTING AN AGREEMENT WITH DELTA, HE CONCLUDED BY NOTING
A COURSE THAT GOG MIGHT TAKE IN SUPPORT ITS LEGITIMATE
MARITIME INTERESTS. IN MAKING THIS EXPOSITION THE
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AMBASSADOR ASKED, IN VIEW OF SENSITIVITY OF ISSUE AND

NEED FOR FULL UNDERSTANDING, IF HE MIGHT SPEAK AS FRANKLY AND "OFF-THE-RECORD" AS HE HAD SPOKEN WITH FORNMIN.

3. IN DETAIL, THE AMBASSADOR SAID THAT HE FIRST MUST POINT OUT THAT THERE REALLY WAS NO DIRECT ADVANTAGE TO FLOMERCA IN WHAT DELTA WAS PROPOSING. IN EFFECT, HE EXPLAINED, FLOMERCA WAS BEING ASKED TO GIVE UP PART OF ITS RESERVE CARGO IN ORDER TO PROVIDE EQUAL ACCESS FOR THE SHIPPING LINES OF BOTH COUNTRIES TO EACH COUNTRY'S RESERVE CARGO. THE MATTER OF EQUAL ACCESS, THE AMBASSADOR STRESSED, WAS AN IMPORTANT PRINCIPLE OF US COMMERCIAL POLICY. UNLESS THE TWO GOVERNMENTS COULD REACH AN AGREEMENT ON THESE TERMS, THE AMBASSADOR TOLD THE PRESIDENT THAT HE FORESAW AN UNFORTUNATE AND USELESS CONFRONTATION AT AN EARLY DATE. FROM THIS STATEMENT OF THE PROBLEM, THE AMBASSADOR PASSED TO THE POSSIBLE COURSE WHEREBY THE GOG MIGHT SIDE STEP THE ISSUE. EMPHASIZING THAT IT WAS NOT HIS SUGGESTION, HE OBSERVED THAT THE GUATEMALAN CHAMBER OF COMMERCE HAD PROPOSED A SOLUTION THAT INVOLVED A TAX ON ALL CARGOES. SUCH A TAX, HE EXPLAINED, WOULD PROBABLY NOT RUN INTO DIRECT CONFLICT WITH US COMMERCIAL POLICY.

4. IN CONCLUSION, THE AMBASSADOR DECLARED THAT WITH GOODWILL AND BY WORKING TOGETHER, HE FELT THAT THEY COULD FIND A WAY AROUND THE TWO GOVERNMENT'S DIFFERENCES IN THIS FIELD. THE PRESIDENT AGREED AND SAID THAT THE IMPORTANT THING WAS THAT WE CONTINUE TO TALK WITH ONE ANOTHER AND SEEK SOLUTIONS WHICH WOULD NOT BE DAMAGING TO THE LEGITIMATE INTERESTS OF EITHER SIDE.

5. COMMENT: ALTHOUGH OBVIOUSLY UNAWARE OF THE DETAILS OF THE CASE AND OF THE POTENTIAL FOR CONFLICT, THE PRESIDENT WAS RECEPTIVE AND UNDOGMATIC. HE WILL NOW PROBABLY DISCUSS ISSUE FURTHER WITH FORNMIN AND FLOMERCA OFFICIALS. NEXT STEP WE EXPECT WILL BE REPLY FROM FORNMIN TO AMBASSADOR'S OVERTURE.
MELOY

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